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PATENT

16

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicants: Sellers et al.
Serial No.: 09/909,439
Filed: July 19, 2001
For: SYSTEMS AND METHODS FOR AUTOMATICALLY OBTAINING LOSS
MITIGATION LOAN WORKOUT DECISIONS
Group: 3628
Examiner: Borlinghaus, Jason M.

Durham, North Carolina
October 30, 2006

MAIL STOP APPEAL BRIEF – PATENTS
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

TRANSMITTAL OF APPELLANTS' BRIEF

Dear Sirs:

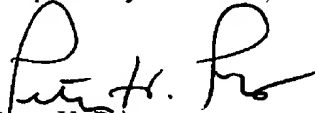
1. Transmitted herewith is the APPEAL BRIEF in this application with respect to the Notice of Appeal filed on August 31, 2006.
2. The Applicant is other than a small entity.
3. Pursuant to 37 CFR 1.17(f) the fee for filing the Appeal Brief is \$500.00.

[x] The Commissioner is hereby authorized to charge the fee of \$500 to Law Offices of Peter H. Priest Deposit Account No. 50-1058.

Appl. No. 10/650,301
Amdt. dated October 30, 2006
Reply to Office Action of July 29, 2004

- [] The Commissioner is hereby authorized to charge the 1 month extension fee of \$ _____ to Deposit Account No. 50-1058. This letter petitions for a one month extension of time.
- [x] The Commissioner is hereby authorized to charge any additional fees which may be required or credit any overpayment to Law Offices of Peter H. Priest Deposit Account No. 50-1058.

Respectfully submitted,



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**RECEIVED
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PATENT

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

In re Application of : Sellers et al.
For : Systems and Methods for Automatically
Obtaining Loss Mitigation Loan Workout
Decisions
Serial No. : 09/909,439
Filed : 07/19/2001
Group : 3628
Examiner : Bolinghaus, Jason M.

Durham, North Carolina
October 30, 2006

MAIL STOP APPEAL BRIEF – PATENTS
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

APPELLANTS' BRIEF

Sir:

1. The Real Party In Interest

The real party in interest is the assignee, GE Mortgage Holdings, LLC

2. Related Appeals and Interferences

None.

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3. Status of the Claims

This is an appeal from the June 2, 2006 final rejection ("the final rejection") of claims 1-10, all of the pending claims. Claims 1-3, 5, 6-8, and 10 were rejected under 35 U.S.C. § 103(a) based on Dhar U.S. Publication No. 2002/0040339 A1 ("Dhar") in view of the disclosed prior art and further in view of T. A. Myers & Co., Real Estate Problem Loans: Workout Strategies and Procedures, Dow Jones-Irwin 1990 ("Myers"). Claims 4 and 9 were rejected under 35 U.S.C. § 103(a) in view of Dhar, the disclosed prior art, Myers, and further in view of Fletcher U.S. Patent No. 6,112,190 ("Fletcher"). Pending claims 1-10 are the subject of this appeal.

4. Status of Amendments

An amendment is being filed herewith in order to correct a dependency error in claim 10. Otherwise, the claims stand as last amended on March 6, 2006.

5. Summary of Claimed Subject Matter

According to one aspect of the invention, automatic systems and methods are used to give approvals on loan workouts that meet certain predetermined guidelines. If these guidelines are not met, a traditional workout decision making process is used, in which a full proposal is submitted to a workout representative for review. See specification, p. 4, lines 15-20, for example. In one embodiment of the invention, a loan servicer uses a computer system to enter inputs concerning a proposed workout. See specification, p. 5, lines 14-17.

Claim 1

Claim 1 addresses a system for automatically generating loan workout decisions. The system comprises a network of personal computers connected into a network administered by a central server computer. See Fig. 2, specification, p. 6, lines 16-19, for example. Each personal computer in the network includes a network interface for transmitting servicer inputs to, and

receiving outputs from, the server computer. See Fig. 1, specification, p. 5, lines 14-22, for example.

Each personal computer in the network further includes display screens for receiving inputs from, and providing outputs to, a servicer on behalf of a financially troubled borrower, including inputs and outputs relating to a proposed workout to resolve a problem status of an existing loan obligation of the financially troubled borrower. See Fig. 1, specification, p. 5, line 14-p. 6, line 22, for example. The central server computer has a central processing unit that runs automatic workout approval analysis software and has access to electronically stored information relating to the financially troubled borrower and other existing loan related information necessary for analysis of a decision for approval, deferral or rejection of the proposed workout. See p. 2, lines 10-19, Fig. 2, specification, p. 6, line 16-p. 7, line 4, for example.

The central server computer is operative, under the control of the workout analysis software, to analyze details of the proposed workout in light of criteria established by a mortgage insurer. The analysis takes into account concessions that must be made in order to accomplish the proposed workout. The analysis further takes into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout. See specification, p. 9, lines 17-23, for example.

The central server computer transmits to the servicer on behalf of the financially troubled borrower, automatically over the network, approval of the proposed workout if the proposed workout meets the criteria established by the mortgage insurer. If the proposed workout does not meet the criteria established by the mortgage insurer, further instructions are provided to the

servicer on behalf of the financially troubled borrower. See specification, p. 2, lines 19-23, for example.

Claim 6

Claim 6 addresses a method for automatically obtaining loan workout decisions. The method comprises connecting a network of personal computers into a network administered by a central server computer. See Fig. 2, specification, p. 6, lines 16-19, for example. Each personal computer in the network is provided with a network interface for transmitting servicer inputs to, and receiving outputs from, the server computer. See Fig. 1, specification, p. 5, lines 14-22, for example. The method further addresses displaying on each personal computer in the network screens for receiving inputs from, and providing outputs to, a servicer on behalf of a financially troubled borrower, including inputs and outputs relating to a proposed workout to resolve a problem status of an existing loan obligation of the financially troubled borrower. See Fig. 1, specification, p. 5, line 14-p. 6, line 22, for example.

The method further addresses running automatic workout approval analysis software having access to electronically stored information relating to the financially troubled borrower and other existing loan related information necessary for analysis of a decision for approval, deferral or rejection of the proposed workout. The workout analysis software is operative to analyze details of the proposed workout in light of criteria established by a mortgage insurer. The analysis takes into account concessions that must be made in order to accomplish the proposed workout, the analysis further taking into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout. See specification, p. 9, lines 17-23, for example.

The method further addresses transmitting to the servicer on behalf of the financially troubled borrower, automatically over the network, approval of the proposed workout if the proposed workout meets the criteria established by the mortgage insurer. If the proposed workout does not meet the criteria established by the mortgage insurer, further instructions are provided to the servicer on behalf of the financially troubled borrower. See specification, p. 2, lines 19-23, for example.

6. Grounds of Rejection to be Reviewed on Appeal

Claims 1-3, 5, 6-8, and 10 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Dhar in view of the disclosed prior art and further in view of Myers. Claims 4 and 9 stand rejected under 35 U.S.C. § 103(a) in view of Dhar, the disclosed prior art, and Myers, and further in view of Fletcher.

7. Argument

The final rejection under 35 U.S.C. § 103 did not follow M.P.E.P. § 706.02(j) which states:

After indicating that the rejection is under 35 U.S.C. 103, the Examiner should set forth...the difference or differences in the claim over the applied reference....the proposed modification of the applied reference(s) necessary to arrive at the claimed subject matter, and ... an explanation why one of ordinary skill in the art at the time the invention was made would have been motivated to make the proposed modification.

As will be illustrated below, the claims of the present invention are not taught by and are not obvious in view of the references relied upon by the Examiner.

A. Rejection under 35 U.S.C. § 103 over Dhar in view of Disclosed Prior Art and further in view of Myers

35 U.S.C. § 103 which governs obviousness indicates that "differences between the subject matter sought to be patented and the prior art" are to be assessed based upon "the subject

matter as a whole". Analyzing the entirety of each claim, the rejections under 35 U.S.C. § 103 are not supported by the relied upon art as addressed further below.

Only after an analysis of the individual references has been made can it then be considered whether it is fair to combine teachings. However, as addressed further below, fairness requires an analysis of failure of others, the lack of recognition of the problem, and must avoid the improper hindsight reconstruction of the present invention. Such an analysis should consider whether the modifications are actually suggested by the references rather than assuming they are obvious.

The 35 U.S.C. § 103 rejections made here pick and choose elements from separate references, none of which presents any motivation for making the suggested combination. This approach constitutes impermissible hindsight and must be avoided. As required by 35 U.S.C. § 103, claims must be considered as a whole. When so considered, the present claims are not obvious.

Claim 1

Turning to the references relied upon, Dhar, the disclosed prior art, and Myers are markedly different from the present invention and address problems only peripherally related to the solutions provided by the present invention. Dhar teaches systems and techniques for automated credit application analysis and approval or disapproval. The disclosed prior art teaches collection of data by a loan workout representative. Myers teaches techniques and important considerations involved in problem real estate loan workout analysis. Nothing in Dhar, the disclosed prior art, or Myers, however, teaches automated systems and techniques for loan workout analysis based on criteria prescribed by a mortgage insurer that has insured a loan being analyzed for workout analysis by a servicer of the loan.

Claim 1 reads as follows:

1. A system for automatically generating loan workout decisions, comprising:
a network of personal computers connected into a network administered by a central server computer,
each personal computer in the network including a network interface for transmitting servicer inputs to, and receiving outputs from, the server computer,
each personal computer in the network further including display screens for receiving inputs from, and providing outputs to, a servicer on behalf of a financially troubled borrower, including inputs and outputs relating to a proposed workout to resolve a problem status of an existing loan obligation of the financially troubled borrower, the central server computer having a central processing unit that runs automatic workout approval analysis software and has access to electronically stored information relating to the financially troubled borrower and existing loan related information necessary for analysis of a decision for approval, deferral or rejection of the proposed workout,
the central server computer being operative, under the control of the workout analysis software, to analyze details of the proposed workout in light of criteria established by a mortgage insurer, the analysis taking into account concessions that must be made in order to accomplish the proposed workout, the analysis further taking into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout,
the central server computer transmitting to the servicer on behalf of the financially troubled borrower, automatically over the network, approval of the proposed workout if the proposed workout meets the criteria established by the mortgage insurer and, if the proposed workout does not meet the criteria established by the mortgage insurer, providing further instructions to the servicer on behalf of the financially troubled borrower.

These limitations in the claimed combination are not taught and are not made obvious by Dhar, the disclosed prior art, Myers, or a combination thereof.

Dhar teaches a system for rendering credit decisions, including a workflow designer, an interface and a database. The system also includes checklists created by the workflow designer, with a checklist being used to evaluate an application for a loan offering associated with the checklist.

The system of Dhar is directed toward evaluating new applications for credit. New applications for credit typically require a relatively straightforward gathering and evaluation of data, such as comparison of income and credit data against predetermined criteria. Unlike Dhar,

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the present invention, as claimed by claim 1, deals with a more difficult problem, that is, evaluating a proposal to resolve a problem status of an existing loan. The resolution will typically require access to existing loan related information and concessions to be made to the borrower. The invention as claimed by claim 1 provides for a central server, under the control of automatic workout approval analysis software. The central server has access to electronically stored information relating to the financially troubled borrower and existing loan related information necessary for analysis of a decision for approval, deferral, or rejection of a proposed workout. Claim 1 also provides for the central server, under the control of automatic workout approval analysis software, to evaluate the concessions to be made and the conditions under which the concessions are to be made. Typical conditions evaluated in considering whether to approve a proposed workout include the financial condition of the borrower, the extent of the financial distress of the borrower and whether the borrower's financial distress is temporary or long term, whether or not the borrower has equity in the property, whether or not the borrower has declared bankruptcy and the details of the bankruptcy filing, and other considerations relevant to determining the desirability of taking steps needed to resolve a loan's problem status.

By contrast, Dhar addresses a system for automatically approving a new loan. If the loan is approved and agreed to by the customer, a lender/borrower relationship is subsequently created. However, while Dhar's system is analyzing whether to approve a loan with customer, such a lender/borrower relationship does not yet exist. Thus, Dhar does not teach and does not suggest access to existing loan related information necessary for analysis of a decision of a proposed workout as claimed in claim. 1.

Furthermore, the system of Dhar would typically simply reject an application for a new loan submitted by a financially distressed borrower, or would restrict the offers presented to

those appropriate for a high risk borrower. In conditions under which the use of a system according to the present invention would be appropriate, however, the option of simply rejecting the loan or offering stringent terms for the loan is not available because the loan obligation has already been entered into and the funds advanced. The system of the present invention, as presently claimed by claim 1, provides for efficiently evaluating proposed steps to be undertaken to reduce potential losses associated with an existing loan, a situation not contemplated by and not addressed by Dhar.

The disclosed manual prior art fails to cure the admitted deficiencies of Dhar. These prior art loan workouts involved the receipt and analysis of a workout proposal by a workout representative, who might, during the process of that analysis, contact the borrower if additional information were needed. The admitted prior art does not address automated loan workout analysis, as presently claimed by claim 1.

Myers fails to cure the admitted deficiencies of Dhar, and the deficiencies of the disclosed prior art. Myers is simply a lender's guide to a uniform approach to loan workouts. Myers provides a discussion of an analysis framework consisting of four steps including an early diagnosis of the problem asset, information gathering and analysis, development of a plan of action, and an implementation of the plan of action.

In the diagnosis step, Myers provides examples of what a lender should monitor as early warning signs when managing different types of loans such as permanent loans and construction loans. In the information gathering and analysis step, Myers discloses gathering information relating to the borrower, relating to legal issues, relating to project monitoring, and relating to marketing alternatives. Myers, p. 16, line 37-p. 17, line 2. When gathering information on the borrower, Myers merely discloses general factors to consider such as the borrower's integrity

and motivation to see a construction project through troubled times and legal consequences. Myers, p. 17, lines 9-18. If the lender's analysis leads to a conclusion that a workout should proceed with the existing borrower, Myers suggests different alternatives. Myers, p. 18, lines 13-33.

Although Myers describes some benefits and disadvantages of particular loan workout alternatives, Myers is, however, silent with respect to selecting specific factors for automatic analysis, and then coupling automatic analysis with automatic workout approval, deferral, or rejection as claimed. Rather, Myers' approach relies on a human "decision maker to generate informed, confident decisions that maximize the return in problem situations." Myers, p. 26, lines 4-7. At p. 14, lines 20-24, Myers does teach using Lotus 1-2-3 spread sheets to reflect assumptions of appraised value of property. However, there is no suggestion in Myers or Dhar to automatically generate loan workout decisions in the manner claimed. Moreover, Myers nowhere addresses analysis of a workout proposal in light of criteria established by a mortgage insurer, and accepting or rejecting a workout proposal depending on whether or not it meets criteria established by a mortgage insurer.

In addition, the considerations addressed by Myers appear to be primarily directed toward loans made to borrowers engaged in the use of real estate as a business enterprise, such as construction, property development, or rental of property. Mortgage insurance is typically associated with purchase or refinance of residential property by a homeowner, and the situations presented as examples by Myers do not typically involve the use of mortgage insurance. Myers therefore tends to teach away from analysis of a workout proposal based on criteria established by a mortgage insurer. In addition, Myers and Dhar do not provide further instructions automatically over the network if the proposed workout does not meet criteria established by a

mortgage insurer. As such, if anything, Myers teaches away from the present invention or represents the failure of others.

The Response to Arguments section of the Official Action at p. 11 states that it would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Dhar by incorporating the established loan workout analysis, as disclosed by the Background Section of the present specification and Myers, into the automated loan decision analysis software and workflow/decision engine, as disclosed by Dhar, to provide "a faster and automated system through which to run loan workouts, and, as disclosed by Dhar, produce an automatic decision." Applicants respectfully disagree. Dhar provides no suggestion or motivation of extending its initial loan approval system to handle complex tasks of analyzing "details of the proposed workout in light of criteria established by a mortgage insurer, the analysis taking into account concessions that must be made in order to accomplish the proposed workout, the analysis further taking into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout," as claimed in claim 1.

Furthermore, Myers provides no suggestion of how to automate its complex set of manual guidelines. Although it is axiomatic that faster operation of any system is desirable, the mere disclosure of a particular procedure for workout of problem real estate loans provides no indication that such a procedure should be combined with a system for automatic analysis of an initial loan application. The workout of a problem real estate loan is very different from the initial loan approval addressed by Dhar and involves a different analysis. Adding a loan workout approval procedure to Dhar would not provide for an improved loan approval process, but would

simply add to Dhar an additional capability, one with which Dhar was not concerned and teaches nothing. Therefore, the teachings of Dhar's initial loan approval system are not combinable with the teachings of Myers' manual loan workout guidelines.

The Official Action further relies on In re Venner, 120 USPQ 192, for the notion that "it would have been obvious to one of ordinary skill in the art at the time the invention was made to have automated the processes, since it has been held that broadly providing a mechanical or automatic means to replace manual activity that accomplishes the same result involves only routine skill in the art" (emphasis added). Applicants respectfully disagree with this analysis of In re Venner and its application here. In re Venner discusses an apparatus for molding trunk pistons which included a "time-controlled means." The "time-controlled means" actuated a fluid motor in order to withdraw a middle core section at the proper time after pouring metal into a mold. Unlike the present case, the Court in Venner found all the elements in the prior art including the "time-controlled means." Considering all the elements were considered old, In re Venner did not hold that a mechanical or automatic means to replace manual activity that accomplishes the same result involves only routine skill in the art. No such rule has ever been broadly applied in the manner suggested by the present Official Action as it would preclude automation, in general, and would foreclose many inventions which automate manual activity such as the automated teller machine, vending machines, most microprocessors and other computer applications, and the like.

Further, the present invention does not simply automate prior manual activity. In a prior manual decision making process, an evaluation of all of the pertinent factors was engaged in by a loan workout specialist, a loan committee, or the like and the best decision possible was made under all of the circumstances. This approach had the benefit of human experience and

judgment, but had the potential detriment of being slow and also being subjective. In a potentially deteriorating financial situation, speed can be of the essence. Among its several aspects, the present invention provides a system for the automatic and rapid triage of potential bad loans. Not all decisions are appropriate for a machine or system, but some are. The present invention determines what the machine can do and what is reserved for human intervention.

In this overall inventive context, the relied upon art does not address a central server computer being operative, "under the control of the workout analysis software, to analyze details of the proposed workout in light of criteria established by a mortgage insurer, the analysis taking into account concessions that must be made in order to accomplish the proposed workout, the analysis further taking into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout," as claimed in claim 1. (emphasis added). As noted above, Myers does not address workout criteria established by a mortgage insurer. Dhar does not address workout criteria or loan workouts at all. Myers addresses loan workouts, but in the context of steps to be taken, and considerations to be taken into account, by a human analyst considering a loan that has become or may become a problem loan. Myers does not provide an explanation of the detailed steps needed to automate a workout analysis for a problem loan. Essentially, a combination with Myers and Dhar would provide for an automated system for analysis of a loan application, combined with an explanation of steps to be taken by a human analyst in considering identification of a problem real estate loan and steps to be taken in a workout of a problem loan, but without any contemplation of automation of the workout or presentation of steps that could be automatically implemented.

Consequently, since the claimed workout analysis software is not suggested and is not taught in the manner claimed by the relied upon art, In re Venner does not apply. Claim 1 therefore defines over the cited art and should be allowed.

Claim 6

Claim 6, as amended, reads as follows:

6. A method for automatically obtaining loan workout decisions, comprising:
connecting a network of personal computers into a network administered by a central server computer;
providing each personal computer in the network with a network interface for transmitting servicer inputs to, and receiving outputs from, the server computer;
displaying on each personal computer in the network screens for receiving inputs from, and providing outputs to, a servicer on behalf of a financially troubled borrower, including inputs and outputs relating to a proposed workout to resolve a problem status of an existing loan obligation of the financially troubled borrower;
running automatic workout approval analysis software having access to electronically stored information relating to the financially troubled borrower and other existing loan related information necessary for analysis of a decision for approval, deferral or rejection of the proposed workout, the workout analysis software being operative to analyze details of the proposed workout in light of criteria established by a mortgage insurer, the analysis taking into account concessions that must be made in order to accomplish the proposed workout, the analysis further taking into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout;
transmitting to the servicer on behalf of the financially troubled borrower, automatically over the network, approval of the proposed workout if the proposed workout meets the criteria established by the mortgage insurer and, if the proposed workout does not meet the criteria established by the mortgage insurer, providing further instructions to the servicer on behalf of the financially troubled borrower.

For the reasons stated above with respect to claim 1, neither Dhar, the disclosed prior art, Myers, nor a combination thereof teaches or makes obvious the automated analysis of a loan workout proposal in light of criteria established by a mortgage insurer. Claim 6, as amended, therefore defines over the cited art and should be allowed.

Claims 2, 3, 5 and 7, 8, and 10

Claims 2, 3, and 5 depend directly or indirectly from claim 1, incorporating all of the limitations thereof and adding further limitations thereto. Claims 7, 8, and 10 depend directly from claim 6, incorporating all of the limitations thereof and adding further limitations thereto. In addition, the dependent claims address a number of combinations of limitations not found in the applied references.

B. Rejection under 35 U.S.C. § 103 over Dhar in View of the Disclosed Prior Art and Myers, and Further in View of Fletcher

Claim 4 depends directly from claim 1, incorporating all of the limitations thereof and adding additional limitations thereto. Claim 9 depends directly from claim 6, incorporating all of the limitations thereof and adding additional limitations thereto. Because claims 1 and 6 have been shown to be allowable, claims 4 and 9 should also be allowed. Fletcher does not cure the deficiencies of Dhar, the disclosed prior art, and Myers as references.

C. The Examiner's Findings of Obviousness Are Also Contrary to Law of the Federal Circuit

As shown above, the invention claimed is not suggested by the relied upon prior art. The references cited by the Examiner, if anything, teach away from the present invention. It is only in hindsight, after seeing the claimed invention, that the Examiner could combine the references as the Examiner has done. This approach is improper under the law of the Federal Circuit, which has stated that "[w]hen prior art references require selective combination by the Court to render obvious a subsequent invention, there must be some reason for the combination other than the hindsight gleaned from the invention itself." Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1051, 5 U.S.P.Q. 2d 1434, 1438 (Fed. Cir. 1988), cert. den., 109 S. Ct. 75, 102 L.Ed. 2d 51 (1988); quoting Interconnect Planning Corp. v. Feil, 774 F.2d 1132, 1132, 227 U.S.P.Q. 543, 535

(Fed. Cir. 1985). Furthermore, “[i]t is impermissible to use the claims as a frame and the prior art references as a mosaic to piece together a facsimile of the claimed invention.” Uniroyal, 837 F.2d at 1051, 5 U.S.P.Q. 2d at 1438. Similarly, “[t]he mere fact that the prior art could be so modified would not have made the modification obvious unless the prior art suggested the desirability of the modification.” In re Laskowski, 871 F.2d 115, 117, 10 U.S.P.Q. 2d 1397, 1398 (Fed. Cir. 1989), quoting In re Gordon, 733 F.2d 900, 902, 221 U.S.P.Q. 1125, 1127 (Fed. Cir. 1984). No such suggestion is found here.

In addition, the Examiner does not appear to have considered “where the references diverge and teach away from the claimed invention”, Akzo N.V. v. International Trade Commission, 808 F.2d 1471, 1481, 1 U.S.P.Q. 2d 1241, 1246 (Fed. Cir. 1986), cert. den., 107 S. Ct. 2490, 482 U.S. 909, 107 S.Ct. 2490 (1987); and W.L. Gore Associates, Inc., 721 F.2d 1540, 220 U.S.P.Q. 303 (Fed. Cir. 1983); nor has the Examiner read the claims as a whole, as required by statute. 35 U.S.C. §103. See also, Smithkline Diagnostics Inc. v. Helena Laboratories Corp., 859 F.2d 878, 885, 8 U.S.P.Q. 2d 1468, 1475 (Fed. Cir. 1988); and Interconnect Planning Corp., 774 F.2d at 1143, 227 U.S.P.Q. at 551.

In In re Laskowski, 871 F.2d 115, 10 U.S.P.Q. 2d 1397, the Federal Circuit reversed an obviousness rejection of the claims in an application for a bandsaw. The claimed bandsaw used a pulley type wheel loosely fitted with a tire. The primary reference showed a similar bandsaw where the band was tightly fitted. The Federal Circuit stated that the prior art did not provide a suggestion, reason or motivation to make the modification of the reference proposed by the Commissioner. Id. at 1398. The Court added that “there must be some logical reason apparent from the positive, concrete evidence of record which justifies a combination of primary and

secondary references." Id. quoting In re Regel, 526 F.2d 1399, 1403, 188 U.S.P.Q. 136, 139 (C.C.P.A. 1975), citing In re Stemniski, 444 F.2d 581, 170 U.S.P.Q. 343 (C.C.P.A. 1971).

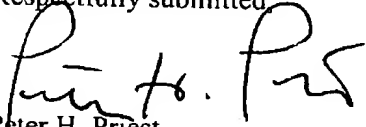
In Uniroyal Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 5 U.S.P.Q. 2d 1434 (Fed. Cir. 1988), cert. den., 109 S. Ct. 75, 102 L.Ed. 2d 51 (1988), the Federal Circuit reversed the District Court's finding that the claims for a patent for an air flow deflecting shield were obvious. Without any suggestion in the art, the District Court improperly chose features from several prior art references to recreate the claimed invention.

The Examiner's rejection suggests that the Examiner did not consider and appreciate the claims as a whole. The claims disclose a unique combination with many features and advantages not shown in the art. It appears that the Examiner has oversimplified the claims and then searched the prior art for the constituent parts. Even with the claims as a guide, however, the Examiner did not recreate the claimed invention.

8. Conclusion

The rejection of claims 1-10 should be reversed and the application promptly allowed.

Respectfully submitted


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CLAIMS APPENDIX
(Claims Under Appeal)

1. A system for automatically generating loan workout decisions, comprising:
a network of personal computers connected into a network administered by a central server computer,
each personal computer in the network including a network interface for transmitting servicer inputs to, and receiving outputs from, the server computer,
each personal computer in the network further including display screens for receiving inputs from, and providing outputs to, a servicer on behalf of a financially troubled borrower, including inputs and outputs relating to a proposed workout to resolve a problem status of an existing loan obligation of the financially troubled borrower, the central server computer having a central processing unit that runs automatic workout approval analysis software and has access to electronically stored information relating to the financially troubled borrower and existing loan related information necessary for analysis of a decision for approval, deferral or rejection of the proposed workout,
the central server computer being operative, under the control of the workout analysis software, to analyze details of the proposed workout in light of criteria established by a mortgage insurer, the analysis taking into account concessions that must be made in order to accomplish the proposed workout, the analysis further taking into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout,

the central server computer transmitting to the servicer on behalf of the financially troubled borrower, automatically over the network, approval of the proposed workout if the proposed workout meets the criteria established by the mortgage insurer and, if the proposed workout does not meet the criteria established by the mortgage insurer, providing further instructions to the servicer on behalf of the financially troubled borrower.

2. The system of claim 1, wherein the personal computers are connected into the network using an Internet connection.
3. The system of claim 1, wherein the network interface is web-based.
4. The system of claim 1, wherein one or more of the display screens presents to a user a menu of predefined workout types and wherein the system allows the user to choose a workout type by making an appropriate selection from the menu of predefined workout types.
5. The system of claim 1, wherein if the user inputs fail to satisfy predetermined guidelines, the user receives a message informing the user that the system cannot be used.
6. A method for automatically obtaining loan workout decisions, comprising:
connecting a network of personal computers into a network administered by a central server computer;
providing each personal computer in the network with a network interface for transmitting servicer inputs to, and receiving outputs from, the server computer;
displaying on each personal computer in the network screens for receiving inputs from, and providing outputs to, a servicer on behalf of a financially troubled borrower, including inputs and outputs relating to a proposed workout to resolve a problem status of an existing loan obligation of the financially troubled borrower;

running automatic workout approval analysis software having access to electronically stored information relating to the financially troubled borrower and other existing loan related information necessary for analysis of a decision for approval, deferral or rejection of the proposed workout, the workout analysis software being operative to analyze details of the proposed workout in light of criteria established by a mortgage insurer, the analysis taking into account concessions that must be made in order to accomplish the proposed workout, the analysis further taking into account financial conditions related to the borrower and the property influencing the desirability of making the concessions necessary to accomplish the proposed workout and the likelihood of success of resolving the problem status of the loan through the proposed workout;

transmitting to the servicer on behalf of the financially troubled borrower, automatically over the network, approval of the proposed workout if the proposed workout meets the criteria established by the mortgage insurer and, if the proposed workout does not meet the criteria established by the mortgage insurer, providing further instructions to the servicer on behalf of the financially troubled borrower.

7. The method of claim 6, further including:
connecting the personal computers into a network using an Internet connection.
8. The method of claim 6, further including:
using a web-based interface for connecting the server computer into the network.
9. The method of claim 6, further including:
receiving inputs from a user to select a workout type among a menu of predefined workout types.

10. The method of claim 6, further including:
transmitting a message informing the user that the system cannot be used if the user
inputs fail to satisfy predetermined guidelines.

EVIDENCE APPENDIX

None.

RELATED PROCEEDINGS APPENDIX

None.

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